

## Message Text

UNCLASSIFIED

PAGE 01 USNATO 04297 01 OF 02 271432Z  
ACTION EUR-12

INFO OCT-01 ISO-00 IO-14 ABF-01 OMB-01 CIAE-00 PM-05  
INR-10 L-03 ACDA-12 NSAE-00 PA-02 SS-15 SP-02  
ICA-20 TRSE-00 NSC-05 /103 W  
-----070206 271438Z /41

R 271419Z APR 78  
FM USMISSION USNATO  
TO SECSTATE WASHDC 1088  
SECDEF WASHDC

UNCLAS SECTION 01 OF 02 USNATO 04297

E. O. 11652: N/A  
TAGS: AORG, NATO  
SUBJECT: NATO PENSION SCHEME

A. 1. THE NATO DIRECTOR OF MANAGEMENT HAS REQUESTED THE  
JOINT CIVIL AND MILITARY BUDGET COMMITTEES TO REVIEW AND  
APPROVE AT THEIR MAY 8 MEETING THE TWO DOCUMENTS QUOTED  
AT THE END OF THIS MESSAGE.

2. THE EMPLOYEES REFERRED TO IN PARAGRAPH 2(A) OF  
BC-D(78)20 ARE AT THE SHAPE TECHNICAL CENTER, FORMERLY  
FINANCED ONLY BY THE USG, AND THOSE IN PARAGRAPH 2(B) ARE  
WITH NAMSA.

3. THE DOCUMENTS HAVE BEEN REVIEWED WITH THE PENSION  
SCHEME RULES AND THEIR ACCEPTANCE IS RECOMMENDED.

B. BC-D(78)20/MBC-M(78)93 - VALIDATION OF PAST SERVICE

BEGIN QUOTE:

1. ARTICLE 4 OF THE PENSION SCHEME RULES STATES THAT  
PENSIONABLE SERVICE MAY INCLUDE ANY PERIODS ACTUALLY  
SERVED:

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 USNATO 04297 01 OF 02 271432Z

- (I) AS A STAFF MEMBER AS DEFINED IN ARTICLE 1;
- (II) IN ANY OTHER CAPACITY PRIOR TO PERMANENT
- APPOINTMENT, PROVIDED ANY PERIODS SO SERVED
- WERE NOT SEPARATED BY BREAKS OF MORE THAN
- ONE YEAR.



2. THE DEFINITION OF SERVICE "IN ANY OTHER CAPACITY" IS MORE COMPLEX IN NATO THAN IN THE OTHER COORDINATED ORGANIZATIONS BECAUSE INTERNATIONAL CIVILIAN STAFF OF NATO MAY HAVE PREVIOUSLY SERVED IN ONE OF THE FOLLOWING CAPACITIES:

- (A) AS STAFF MEMBERS OF NATO INSTITUTIONS
- ORIGINALLY FINANCED UNILATERALLY BY A NATO
- NATION BUT WHICH SUBSEQUENTLY BECAME
- INTERNATIONALLY FUNDED, THIS CHANGE LEAVING
- THE ORGANIZATIONAL FRAMEWORK OR MISSIONS OF
- SUCH INSTITUTIONS UNAFFECTED BUT HAVING THE
- RESULT THAT THE STAFF MEMBERS CONCERNED
- BECAME INTERNATIONAL CIVILIAN PERSONNEL;
- (B) AS LOCAL CIVILIAN LABOR (KNOWN AS LWR
- CIVILIANS) PRIOR TO BECOMING INTERNATIONAL
- CIVILIAN PERSONNEL; IT IS WORTH NOTING
- IN THIS CONNECTION THAT NATO IS THE ONLY
- COORDINATED ORGANIZATION HAVING EMPLOYED,
- AND STILL EMPLOYING, THIS CATEGORY OF PERSON-
- NEL.

3. IN THE ADMINISTRATION'S OPINION, STAFF MEMBERS FALLING IN THE ABOVE CATEGORIES ARE ENTITLED TO REQUEST VALIDATION OF THE PERIODS OF SERVICE SO DEFINED IN ACCORDANCE WITH ARTICLE 5.5. THE TAKING INTO ACCOUNT UNCLASSIFIED

UNCLASSIFIED

PAGE 03 USNATO 04297 01 OF 02 271432Z

OF SUCH SERVICE IS, OF COURSE, CONDITIONAL ON THE ORGANIZATION GIVING ITS AGREEMENT AND ON THE STAFF MEMBER PAYING THE APPROPRIATE AMOUNTS FOR VALIDATING SUCH SERVICE.

4. SUBJECT TO THE AGREEMENT REFERRED TO IN ARTICLE 5.5(II), THE FOLLOWING CONDITIONS ARE PROPOSED FOR VALIDATING THIS SERVICE:

- (A) THE STAFF MEMBERS CONCERNED MUST CONTRIBUTE
- 7 PCT OF THEIR FIRST INTERNATIONAL MONTHLY
- SALARY FOR EACH MONTH OF SERVICE TO BE
- CREDITED (ARTICLE 5.5(III));
- (B) BECAUSE OF RETROACTIVITY, A 4 PCT COMPOUND
- INTEREST WILL BE CALCULATED ON THE AMOUNTS
- AT (A) ABOVE UNTIL THE DATE WHEN THESE
- AMOUNTS ARE PAID OVER.

5. THE AGREEMENT OF THE BUDGET COMMITTEE IS SOUGHT ON THE PROPOSAL SET OUT IN PARA. 4 ABOVE IN ORDER THAT THE PERSONNEL CONCERNED THROUGHOUT THE



ORGANIZATION MAY BE INFORMED BEFORE 30TH JUNE 1978.  
END QUOTE.

C. BC-D(78)21/MBC-M(78)94 - REIMBURSEMENT OF PROVIDENT  
FUND WITHDRAWALS

BEGIN QUOTE:

1. A PROBLEM HAS BEEN ENCOUNTERED IN THE  
IMPLEMENTATION OF THE PENSION SCHEME RULES. IT RESULTS  
FROM THE FACT THAT THE PENSION SCHEME WAS ADOPTED BY  
THE NATO COUNCIL ON 10TH FEBRUARY 1977 WITH

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 USNATO 04297 02 OF 02 271437Z  
ACTION EUR-12

INFO OCT-01 ISO-00 IO-14 ABF-01 OMB-01 CIAE-00 PM-05  
INR-10 L-03 ACDA-12 NSAE-00 PA-02 SS-15 SP-02  
ICA-20 TRSE-00 NSC-05 /103 W  
-----070281 271440Z /41

R 271419Z APR 78  
FM USMISSION USNATO  
TO SECSTATE WASHDC 1089  
SECDEF WASHDC

UNCLAS SECTION 02 OF 02 USNATO 04297

RETROACTIVE EFFECT FROM 1ST JULY 1974. THE PENSION  
SCHEME RULES ARE WRITTEN AS IF THE SCHEME HAD BEEN  
APPROVED BEFORE 1ST JULY 1974 AND CONTAIN NO  
PROVISIONS COVERING ITS RETROACTIVE INTRODUCTION.

2. DURING THE PERIOD BETWEEN 1ST JULY 1974 AND  
10TH FEBRUARY 1977, STAFF MEMBERS WERE STILL GOVERNED  
BY THE PROVISIONS OF THE PROVIDENT FUND REGULATIONS  
AND ACCORDINGLY CONTINUED TO ENJOY THE RIGHT TO MAKE  
WITHDRAWALS FROM THEIR PROVIDENT FUND HOLDINGS FOR  
HOUSING OR SOCIAL SECURITY PURPOSES.

3. TO THE EXTENT THAT SUCH WITHDRAWALS RESULT IN A  
SHORTFALL IN CONTRIBUTIONS MADE TO THE PROVIDENT FUND  
AFTER 1ST JULY 1974 AND THE INTEREST THEREON, STAFF  
MEMBERS WISHING TO OPT FOR THE PENSION SCHEME MUST,  
GIVEN THE POSITION SET OUT IN PARAGRAPH 1 ABOVE, MAKE  
GOOD THE DEFICIT NOT LATER THAN THE END OF THE OPTION



PERIOD. OBVIOUSLY, HOWEVER, IMMEDIATE REPAYMENT OF THIS MONEY MAY NOT BE POSSIBLE.

4. STAFF MEMBERS WHO HAVE AVAILED THEMSELVES OF THE APPROVED PROVISIONS OF THE PROVIDENT FUND REGULATIONS CANNOT BE DENIED THE POSSIBILITY OF GOING INTO THE UNCLASSIFIED

UNCLASSIFIED

PAGE 02 USNATO 04297 02 OF 02 271437Z

PENSION SCHEME. IT SHOULD BE BORNE IN MIND THAT STAFF MEMBERS WHO FAIL TO MAKE A WRITTEN CHOICE WITHIN THE OPTION PERIOD (I. E. BEFORE 30TH JUNE 1978) WILL BE DEEMED, ACCORDING TO THE PENSION SCHEME RULES, TO HAVE OPTED FOR THE PENSION SCHEME.

5. IT IS ACCORDINGLY PROPOSED THAT STAFF MEMBERS IN THIS SITUATION BE REQUIRED TO MAKE GOOD ANY SHORTFALL RELATED TO THE PERIOD BETWEEN 1ST JULY 1974 AND 10TH FEBRUARY 1977 BY REPAYMENT OVER A PERIOD. IT IS PROPOSED THAT THE RATE AND CONDITIONS FOR REPAYMENT SHOULD BE THAT APPLICABLE TO VALIDATION OF SERVICE UP TO 1ST JULY 1974, THAT IS TO SAY, AT LEAST 10 PCT OF THE BASIC SALARY APPLICABLE ON THE FIRST OF THE MONTH FOLLOWING APPROVAL BY THE COUNCIL OF THE PENSION SCHEME RULES (I. E. 1ST MARCH 1977) AT 4 PCT COMPOUND INTEREST.

6. TO GAIN AN IDEA OF THE MAGNITUDE OF THE PROBLEM, IT SHOULD BE NOTED THAT AMONG THE IS ADMINISTERED PERSONNEL THERE ARE 76 STAFF MEMBERS WITH SUCH DEFICITS, AMOUNTING TO A TOTAL OF LESS THAN BF 8,000,000.

7. IT WILL BE RECALLED THAT GUARANTEES ARE PROVIDED BY THE PROVISIONS OF ARTICLE 38 OF THE PENSION SCHEME RULES, WHICH STATES THAT "ANY SUM OWED BY A STAFF MEMBER ... SHALL BE DEDUCTED FROM THE AMOUNT OF HIS BENEFITS OR FROM THE BENEFITS PAYABLE TO THOSE ENTITLED UNDER HIM".

8. THE APPROVAL OF THE BUDGET COMMITTEES IS SOUGHT TO THE PROPOSED ARRANGEMENT, WHICH HAS BEEN UNCLASSIFIED

UNCLASSIFIED

PAGE 03 USNATO 04297 02 OF 02 271437Z

COORDINATED WITH THE FINANCIAL CONTROLLERS OF THE INTERNATIONAL STAFF AND SHAPE, IN ORDER THAT THE STAFF CONCERNED MAY BE INFORMED BEFORE THE END OF THE OPTION



PERIOD. END QUOTE.

D. THE DEPARTMENT'S INSTRUCTIONS BY MAY 5 WOULD BE  
APPRECIATED. BENNETT

UNCLASSIFIED

NNN



## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 apr 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978USNATO04297  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780180-0383  
**Format:** TEL  
**From:** USNATO JOINT  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t1978047/aaaaafyb.tel  
**Line Count:** 228  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** c3ac61b2-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** ONLY  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** ONLY  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 22 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3007976  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NATO PENSION SCHEME A. 1. THE NATO DIRECTOR OF MANAGEMENT HAS REQUESTED THE APPROVE AT THEIR MAY 8 MEETING THE TWO DOCUMENTS Q  
**TAGS:** AORG, NATO  
**To:** STATE DOD  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/c3ac61b2-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014